	The Johns Hopkins Health System Policy & Procedure	Policy Number	FIN049
		Effective Date	01-01-08
	<i>Subject</i> SELECTION OF INDEPENDENT AUDITORS	Page	1 of 3
		Supersedes	10-01-06

Revisions noted by vertical bar in right margin

POLICY

This policy applies to The Johns Hopkins Health System Corp. (JHHS) and the following affiliated entities: The Johns Hopkins Hospital (JHH), Johns Hopkins Bayview Medical Center (JHBMC), Howard County General Hospital (HCGH), Johns Hopkins Community Physicians (JHCP), Johns Hopkins Medical Services Corporation (JHMSC), Johns Hopkins Medicine International (JHMI), Ophthalmology Associates (OA), Johns Hopkins Employer Health Programs (EHP), Johns Hopkins Medical Management Corporation (JHMMC), Priority Partners (PP), Johns Hopkins Pharmaquip, Inc. (JHPQ), Johns Hopkins Home Health Services, Inc. (JHHHS), Johns Hopkins Pediatrics Home, Inc. (JHPAHI), Johns Hopkins HealthCare (JHHC), Johns Hopkins Home Care Group (JHHCG), Suburban Health Center (SHC), Broadway Acquisition and Development, and HCGH OB/GYN Associates Series, LLC (HCGH OBGYN).

Purpose

The purpose of this policy is to define the process and procedures related to selecting independent auditors for the JHHS and its affiliates.


The Internal Audit Department will develop and issue a Request for Proposal (RFP) for external audit services every five years. The RFP will be sent to each of the "Big Four" accounting firms. The JHHS Vice President of Finance/Chief Financial Officer (CFO) and Treasurer will select an evaluation team consisting of the appropriate JHHS representatives and Internal Audit. The fiscal 2009 independent auditor selection process will be performed in calendar 2008 and will include representation from the Johns Hopkins University (JHU). Since implementation of SAP, and the advent of Shared Services, a joint JHHS and JHU selection committee will be most advantageous.

An evaluation checklist will be used to facilitate the gathering of team member opinions on the quality of each responding firm's proposal, including the degree to which the firm's resources are compatible with the needs of JHHS and its affiliates. As a result of the above process, two or three finalists will be selected based on the highest scores in the evaluation process.

This information will then be presented to a subcommittee of the JHHS Audit Committee for review. Each of the finalists will make presentations to the subcommittee of the Audit Committee and the management team. After the presentations have been made and the information reviewed, the Audit Committee and the management team will select an independent auditing firm and recommend that the full Audit Committee and the JHHS Board of Trustees approve the selection.

Once a firm has been selected, it is anticipated that the engagement will be for a five-year period. The selected firm will be provided with a one-year contract each year during the five-year period. An annual review by the Corporate Controller and the appropriate Directors of General Accounting, Finance Department representatives from all affiliates, the Vice President and General Counsel, the Internal Audit Department and members of Senior Management who have had significant contact with the auditors will occur. The written results of this review process will be presented to the Audit Committee for annual re-appointment of the contracted firm. If during the five-year cycle, the Finance Department and Internal Audit Department representatives determine that adequate service is not being provided, the Audit Committee has the option not to renew the engagement and re-open the RFP process. If, however, the audit firm has completed its annual engagement and has provided satisfactory service as demonstrated in the review process, the Audit Committee has the option to re-appoint the audit firm.

RESPONSIBILITIES

	The Johns Hopkins Health System Policy & Procedure	<i>Policy Number</i>	FIN049	
		<i>Effective Date</i>	01-01-08	
	<i>Subject</i>	SELECTION OF INDEPENDENT AUDITORS	<i>Page</i>	2 of 3
			<i>Supersedes</i>	10-01-06

Revisions noted by vertical bar in right margin

Vice President of Finance/Chief Financial Officer and Treasurer, JHHS

Select members of evaluation team, including the appropriate JHHS and Internal Audit representatives and Corporate Controller will serve as liaison to the JHHS Audit Committee.

Internal Audit

Develop and distribute, the RFPs to each of the "Big Four" accounting firms, and distribute returned proposals to evaluation team members.

Distribute the evaluation checklist to the evaluation team members and compute total scores from the responses.

Compile the an evaluations of each of the respective "Big Four" accounting firms' proposals to provide independent auditing services to JHHS.

Coordinate all aspects of evaluation process.

Coordinate the preparation of the separate set of schedules needed by the Audit Committee to perform its evaluation.

Corporate Controller

Summarize annual evaluations of independent auditors and communicate results to Audit Committee.

Evaluation Team Members

Select two or three finalists as a result of the evaluation process and communicate the selection to the subcommittee of the JHHS Audit Committee.

Perform annual evaluations of JHHS independent auditors.

Audit Committee, JHHS

Select one of the two or three finalists as the independent auditor for JHHS, and recommend that the full Audit Committee and full Board of Trustees approve the selection.

Review annual evaluations of independent auditors and complete re-appointment process.

JHHS Board of Trustees and Executive Committee

Approve selection of independent auditing firm by the JHHS Audit Committee.


SPONSOR

Vice President of Finance/CFO and Treasurer, JHHS

REVIEW CYCLE

Three (3) years

APPROVAL

 <p>JOHNS HOPKINS M E D I C I N E JOHNS HOPKINS H E A L T H S Y S T E M</p>	The Johns Hopkins Health System Policy & Procedure	<i>Policy Number</i>	FIN049	
		<i>Effective Date</i>	01-01-08	
	<i>Subject</i>		<i>Page</i>	3 of 3
	SELECTION OF INDEPENDENT AUDITORS		<i>Supersedes</i>	10-01-06

Revisions noted by vertical bar in right margin

President, JHHS

Date

PROCEDURES

Vice President of Finance/Chief
Financial Officer and Treasurer,
JHHS

Select members of evaluation team, including affiliate CFOs, Vice President and General Counsel, Director of Internal Audit and Corporate Controller and serve as liaison to the JHHS Audit Committee.

Internal Audit

Develop and distribute, the RFPs to each of the "Big Four" accounting firms, and distribute returned proposals to evaluation team members.

Distribute the evaluation checklist to the evaluation team members and compute total scores from the responses.

Compile the an evaluations of each of the respective "Big Four" accounting firms' proposals to provide independent auditing services to JHHS.

Coordinate all aspects of evaluation process.

Coordinate the preparation of the separate set of schedules needed by the Audit Committee to perform its evaluation.

Corporate Controller

Summarize annual evaluations of independent auditors and communicate results to Audit Committee.

Evaluation Team Members

Select two or three finalists as a result of the evaluation process and communicate the selection to the subcommittee of the JHHS Audit Committee.

Perform annual evaluations of JHHS independent auditors.

Audit Committee, JHHS

Select one of the two or three finalists as the independent auditor for JHHS, and recommend that the full Audit Committee and full Board of Trustees approve the selection.

Review annual evaluations of independent auditors and complete re-appointment process.

JHHS Board of Trustees and
Executive Committee
Vice President of Finance/Chief
Financial Officer and Treasurer,
JHHS

Approve selection of independent auditing firm by the JHHS Audit Committee.
Select members of evaluation team, including affiliate CFOs, Vice President and General Counsel, Director of Internal Audit and Corporate Controller and serve as liaison to the JHHS Audit Committee.